

Appendix C: Program Evaluations

Program evaluations can be categorized as:

- Impact/outcome evaluations which assess the manner and extent to which Federal programs achieve intended objectives.
- Process/efficiency evaluations which assess the extent to which a program is operating in a cost-effective manner and in conformance with statutory requirements and operating policies and procedures.

An example of an impact/outcome evaluations conducted in FY 2000 relates to:

- *Customs' Automated Commercial System (ACS) Cargo Selectivity:* The ACS Cargo Selectivity Program was created to facilitate the processing of legitimate cargo while attempting to stop fraud, narcotics smuggling, and the entrance of illegal cargo. A Treasury Office of Inspector General (OIG) audit found that trade has been facilitated by limiting cargo examinations to targeted shipments; however, selectivity has not been as successful in stopping the smuggling of narcotics.

Specifically, ACS Cargo Selectivity's effectiveness in targeting high-risk shipments for examinations could be improved by developing better targeting criteria. This could be accomplished by establishing local accountability for tasks such as developing and maintaining an up-to-date narcotics criteria database, obtaining and sharing proactive intelligence more freely among the Customs disciplines, and providing additional training in data analysis and research techniques for persons working with criteria. Also, targeting effectiveness was hindered by the practice of overriding examination criteria unnecessarily, which led to releasing a significant number of targeted shipments without examination. Although the OIG found no instance of fraud, this practice along with inadequate performance of cargo examinations and in accurate reporting of results, could mask lent activities. These conditions applied equally to the examination of hazardous material, where the OIG found examination teams in need of training and equipment in need of maintenance, repair, or replacement.

Useful performance measures were needed to determine the exact cause for the low seizure rate when using ACS Cargo Selectivity criteria. Also, periodic management reviews did not provide sufficient coverage to identify operational weaknesses in the ACS Cargo Selectivity Program. For example, reviews did not cover controls over the use of examination overrides or the physical processing of cargo. Weaknesses in these areas can undermine the effectiveness of targeting efforts.

The OIG made eight recommendations to improve the effectiveness of the ACS Cargo Selectivity Program. These included the development of narcotics examination criteria, the improvement of examination procedures, and the implementation of management controls. Customs agreed with these findings and recommendations, and has initiated corrective actions. (Report No. OIG-00-066, 3/6/00)

Examples of process/efficiency evaluations conducted in FY 2000 include:

- *Excess Collections:* When a payment cannot be associated with a taxpayer's account or a tax return is not filed, the IRS will, after meeting processing requirements, transfer the payment to its Excess Collections Accounts. Payments in Excess Collections also include unidentified remittances (where the identities of taxpayers are unknown), miscellaneous fees, and voluntary contributions.

The Treasury Inspector General for Tax Administration found that taxpayers do not always receive credit for certain tax payments, due to the IRS' computing systems limitations and processing procedures, and legal requirements (Report #2000-30-088, 6/13/00). The OIG identified millions of dollars that needed to be credited to taxpayers' accounts, as well as an opportunity for reducing processing costs while improving customer service.

IRS management agreed with the recommendations in the report and quickly began actions to improve the process for managing Excess Collections Accounts. The IRS, using a Treasury Inspector General for Tax Administration-developed database, established an adjustment program to ensure that eligible taxpayers had payments in Excess Collections files transferred to their primary accounts. They also planned to make significant modifications to their information systems.

- *ATF's Youth Crime Gun Interdiction Initiative:* In July 1996, ATF initiated the Youth Crime Gun Interdiction Initiative (YCGII) to strengthen enforcement efforts against gun traffickers who supply firearms to juveniles. During FY 2000, the Treasury OIG completed three audits related to YCGII. The first audit focused on ATF's redesign of its Firearms Tracing System and found that while the system generally is meeting user needs, the conversion did not take place in the most efficient manner. The second audit evaluated ATF's procedures and controls over YCGII funds and found that certain obligations and expenditures were not used efficiently and may not have supported YCGII activities.

Most significantly, the third audit looked at ATF's implementation of the YCGII program. The OIG found that ATF field offices responsible for implementing YCGII in the first 17 cities to participate in the program have not consistently performed important program activities, such as ensuring that the cities submit trace requests for all firearms recovered in crimes. Also, ATF has not ensured that appropriate special agent resources were available in field offices to conduct YCGII-related activities. Certain police departments were either not familiar with, or did not avail themselves of ATF's analytical tools to help target firearms traffickers for investigation. Finally, ATF has not developed specific performance measures that show the actual impact on youth violent crime in the cities as a result of participating in YCGII (Report Nos. OIG-00-087, 5/30/00; OIG-00-093, 6/16/00; OIG-00-119, 8/21/00).

ATF generally agreed with the OIG's recommendations and has initiated or planned actions to address the recommendations.

- *Investigations of Financial Institutions Fraud:* In the late 1980s and early 1990s, bank insiders primarily committed fraudulent schemes against financial institutions. Today, check fraud and counterfeit negotiable instrument schemes by outsiders are the most prevalent crime trend confronting the Nation's banking infrastructure. Estimates of losses resulting from financial institutions fraud (FIF) are as high as \$15 billion a year. Electronic banking, which is anticipated to increase 600% in the next two years, has created new opportunities for high technology fraud against financial institutions.

Treasury's OIG evaluated the impact of the Secret Service's financial institution fraud investigations (Report #OIG-00-070; 3/20/2000). The evaluation found that the Service's FIF cases have resulted in increased prosecutions in State and Federal courts and disrupted some major schemes to defraud banks. Findings also revealed that (i) certain actions could strengthen efforts to investigate the most significant violations, (ii) performance measurements and reporting needs improvement, and (iii) communication with specific outside parties could be enhanced. The Service generally agreed with the OIG recommendations and plans to implement them.